

Message Text

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ACTION EB-11

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FM AMCONSUL GUAYAQUIL

TO SECSTATE WASHDC 3146

INFO AMEMBASSY QUITO

AMEMBASSY BOGOTA

AMEMBASSY GUATEMALA

AMEMBASSY MANAGUA

AMEMBASSY PANAMA

AMEMBASSY SAN JOSE

AMEMBASSY TEGUCIGALPA

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E.O. 11652: NA

TAGS: ETRD, EC

SUBJ: BANANAS: STANDARD FRUIT PRESS CONFERENCE IN GUAYAQUIL

1. SUMMARY. STANDARD FRUIT GENERAL MANAGER IN ECUADOR, ART CARTER, HELD PRESS CONFERENCE IN GUAYAQUIL ON MARCH 28. CARTER EXPLAINED STANDARD'S OPPOSITION TO EXPORT TAX, STATED THAT QUOTA SYSTEM WOULD RESULT IN DECREASED PRODUCTION AND DENIED THAT STANDARD REPRESENTATIVES HAD EITHER PLANNED A BANANA EXPORT BOYCOTT AGAINST HONDURAS OR ACTED IN AN OFFENSIVE MANNER IN MEETINGS WITH CENTRAL AMERICAN LEADERS. CARTER DISTRIBUTED A DETAILED PAPER RE STANDARD'S POSITION. HE GAVE A COPY TO CONGEN AND ITS CONTENTS WILL BE REPORTED IN SEPTEL.

2. IN MARCH 28 PRESS CONFERENCE, ART CARTER, STANDARD GENERAL
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MANAGER IN ECUADOR, GAVE STANDARD'S VIEWS ON CURRENT BANANA PROBLEMS.

A ROUGH TRANSLATION OF THE CONFERENCE FOLLOWS (FROM "EL TELEGRAFO" OF MARCH 29 WHICH HEADLINED THE ARTICLE "MANAGER OF STANDARD FRUIT CO. (ECUADOR) MAKES DELCARATION TO THE PRESS CONCERNING COMMENTARIES ABOUT THE COMPANY PUBLISHED IN LOCAL AND CENTRA AMERICAN NEWSPAPERS"):

UPON HIS RETURN FROM CENTRAL AMERICA, MR. ARTHUR CARTER, GENERAL MANAGER OF STANDARD FRUIT CO. (ECUADOR), CONSIDERED IT NECESSARY TO MAKE CLEAR HIS COMPANY'S POSITION REGARDING ARTICLES PUBLISHED IN CENTRAL AMERICAN AND LOCAL NEWSPAPERS WHICH IMPUTED TO STANDARD FRUIT CERTAIN STATEMENTS REGARDING THE RECENTLY CREATED UPEB (UNION DE PAISES EXPORTADORES DE BANANO) AND ALLEGED THAT STANDARD FRUIT WAS TRYING TO BOYCOTT BANANA EXPORTS FROM CENTRAL AMERICAN COUNTRIES.

DURING THE INTERVIEW AT THE OFFICES OF STANDARD FRUIT (ECUADOR)

HE WAS ASKED FOLLOWING QUESTIONS:

A. THERE SEEMS TO BE GREAT CONFUSION ABOUT WHAT IS HAPPENING AS A RESULT OF THE AGREEMENT OF THE UPEB AND THE SURCHARGES THAT WILL BE IMPOSED ON THE FRUIT SHIPMENTS.

MR. CARTER STATES THAT A SERIES OF FACTORS EXIST THAT SUPPOSEDLY JUSTIFY THE CREATION OF A TAX OR SURCHARGE ON THE EXPORT OF CENTRAL AMERICAN BANANAS. NEVERTHE LESS THE BASIC PROBLEMS ARE: FIRST, A LACK OF AN EXACT DEFINITION OF WHAT THE SURCHARGE OF US \$1.00 PER BOX OF BANANAS REALLY IS. IT HAS NOT BEEN MADE CLEAR IF IT WOULD BE AN EXPORT TAX, A REFERENCE PRICE, A DEPOSIT WITH THE CENTRAL BANKS, OR A CHANGE IN THE EXCHANGE REGULATIONS, AND APPARENTLY EACH COUNTRY IS FREE TO APPLY SURCHARGES AT ITS CONVENIENCE. MOREOVER, IN THE LATTER CASE, IT MUST BE UNDERSTOOD THAT SURCHARGE WOULD RESULT IN DIFFERENT FOB PRICES FOR EACH OF THE COUNTRIES THAT PARTICIPATE IN THE AGREEMENT. SECOND, THERE IS A LACK OF DEFINITION ON HOW THIS SURCHARGE WILL BE DISTRIBUTED. WILL THE PRODUCER RECEIVE PART OF IT? OR WHAT? THIS INDIVIDUAL DECISION IN EVERY COUNTRY WILL ADD TO THE COST PROBLEM WHICH WE MENTIONED BEFORE. THIRD, THERE IS ALSO A LACK OF DEFINITION ON HOW THE QUOTAS FOR EACH COUNTRY ARE GOING TO BE DETERMINED.

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B. IS IT TRUE, MR. CARTER, THAT DETERMINING THE QUOTA WOULD IMPLY A LIMITATION OF THE EXPORTS SINCE TAKING THIS STEP WOULD MEAN THAT ALL THE BANANA PRODUCING COUNTRIES WOULD BE FORCED TO PARTICIPATE?

UNFORTUNATELY YES. THE ASSIGNMENT QUOTAS LIMIT THE EXPORTS OF EACH COUNTRY AS I UNDERSTAND HAPPENED WITH COFFEE EXPORTERS. IN MY OPINION IT IS FOR THE GOVERNMENTS OF EACH

COUNTRY TO DECIDE WHETHER TO PARTICIPATE IN THESE AGREEMENTS.
WHAT MUST BE CONSIDERED IS THE ACTUAL BANANA PRODUCTION CAPACITY
OF THE WOULD THAT IS NOT BEING USED AT THIS TIME.

C. IF THE PROPOSED INCREASE IN PRICE GOES INTO EFFECT, WHAT
WOULD BE THE AMOUNT OF REDUCTION IN EXPORTS, TAKING INTO CON-
SIDERATION THE AREAS THAT ARE ACTUALLY PRODUCING BANANAS?

THE AMOUNT FLUCTUATES FROM COUNTRY TO COUNTRY AND EACH
PERSON HAS HIS OWN IDEAS; IT IS VERY DIFFICULT TO PREDICT.

D. COULD YOU GIVE US AN ESTIMATE?

I CAN NOT GIVE YOU AN ESTIMATE BUT I CAN ASSURE YOU THAT
ALL MERCHANDISE THAT INCREASES IN PRICE DECREASES IN CONSUMPTION.

3. HAVE THERE BEEN MANY COMMENTS ABOUT THE REFUSAL OF STANDARD
FRUIT CO. TO COOPERATE WITH PROPOSED SURCHARGE?

AS I SAID IN MY FORMER ANSWER, IT IS OBVIOUS THAT WE THINK
THERE EXISTS A GREAT RESPONSIBILITY ON THE PART OF THE COMPANY,
AS MUCH TOWARD OUR EMPLOYEES AS TOWARD OUR INDEPENDENT PRODUCERS.
THE OTHER OBSERVATION WE HAVE MADE IS THAT STANDARD FRUIT DOES NOT
WANT TO INCREASE ITS PRICES. WE ARE, AFTER ALL, IN THE BUSINESS
AND IF THERE IS ANYTHING WE WOULD WANT, IT IS TO BE ABLE TO SELL
THE FRUIT AT A HIGHER PRICE; UNFORTUNATELY THIS IS NOT THE CASE
BECAUSE THE CONSUMERS HAVE ECONOMIC LIMITATIONS AND NO MATTER HOW
MUCH INTEREST THEY HAVE IN A CERTAIN TYPE OF FRUIT, THEY WOULD NOT
CONSUME IT IF THE PRICE IS PROHIBITIVE.

F. SHOULD WE THEREFORE UNDERSTAND THAT THE REACTION OF STANDARD
FRUIT CO. IS COMPLETELY NEGATIVE?

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OF COURSE NOT. WHAT WE THINK IS THAT SOMEONE HAS PUT THE
CART BEFORE THE HORSE. THE PLANS TO ACHIEVE HIGHER PRICES IN THE
MARKET WERE MADE WITHOUT PLANNING ON THE MECHANISM THAT MUST BE
ESTABLISHED TO ACHIEVE FAVORABLE RESULTS THESE ARE COMPLEX PROBLEMS,
BUT IF OUR COOPERATION IS REQUEST WE ARE WILLING TO GIVE IT.

G. WHY DID YOU SAY THAT YOU WOULD BOYCOTT THE EXPORTS IN HONDURAS?

I WANT YOU TO KNOW THAT STANDARD FRUIT NEVER SAID THAT,
NOR DID IT THREATEN THE HONDURAN GOVERNMENT WITH A BANANA EXPORT
BOYCOTT; IT IS A PIECE OF NEWS WITHOUT FOUNDATION TO CREATE
SENSATIONALISM REGARDING A PROBLEM THAT HAS NOT BEEN CAUSED BY
OUR COMPANY OR BY OUR BANANA PRODUCERS.

H. THERE IS ALSO TALK THAT WHEN YOU DEALT WITH THE CENTRAL

AMERICAN GOVERNMENTS YOU EXPRESSED YOURSELVES IN AN OFFENSIVE MANNER TOWARD THEIR RULERS; IS THIS TRUE?

IN THE COUNTRIES IN WHICH WE OPERATE, WE ARE, AND ALWAYS WILL BE, RESPECTFUL MEN AND MEN THAT WILL ABIDE BY THE LAWS OF THOSE WHO GOVERN. RESPECTFUL OF THEIR TRADITIONS AND HISTORY AND ALWAYS WILLING TO COLLABORATE FOR THE SOCIAL-ECONOMIC DEVELOPMENT OF THE COUNTRY. SOVEREIGNTY IS FOR US SOMETHING TO TREAT WITH MAXIMUM RESPECT AND REVERENCE.

I. MR. CARTER, WHAT IS THE POSITION TAKEN BY THE COMPANY UNDER YOUR CHARGE?

WE WILL CONTINUE EXPORTS IN THE WAY WE HAVE BEEN DOING THUS FAR, ABIDING BY THE LAWS OF SUPPLY AND DEMAND; WE WILL RESPECT THE DECISIONS OF THE GOE REGARDING ITS BANANA POLICIES. YOU WILL BE ABLE TO INFORM THE PUBLIC IN A MORE DETAILED MANNER ABOUT THE POSITION OF STANDARD FRUIT WHEN YOU HAVE READ THE DOCUMENTS THAT I WILL GIVE TO YOU.
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